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GLORIA MOLINA CREATES \$20 MILLION AFFORDABLE HOUSING REVOLVING LOAN FUND

Low-Interest Loans Available to Affordable Housing Developers July 1

LOS ANGELES (June 11, 2008)—Los Angeles County Sup. Gloria Molina announced the establishment of a \$20 million revolving loan fund to build more affordable housing countywide by providing low-interest acquisition and predevelopment loans in addition to low interest construction loans. At yesterday's meeting of the Board of Supervisors—on a motion authored by Molina and Sup. Yvonne B. Burke—the board voted unanimously to direct the county's Community Development Commission to contract with L.A. County Housing Innovation Fund, LLC to administer the loans as early as July 1, 2008.

"Affordable housing scarcity remains a top concern of many Los Angeles County residents, even after the burst of the housing market," Molina said. "When Sup. Burke and I first entertained the idea of this revolving loan fund in 2005, a decent one-bedroom apartment rented for about \$1,200 a month. A minimum wage employee would have had to work over 130 hours per week to afford it—and rents have only increased since then. So have interest rates and construction costs, which makes affordable housing all the more difficult not just to find but to build. This revolving loan fund will give developers who are looking to construct affordable housing easier access to capital—which, in turn, would increase the supply of affordable housing. That is precisely what we need to help mitigate Los Angeles County's affordable housing crisis."

—More—

Of the \$20 million revolving fund loan total, \$11.8 million will finance loans to develop housing for households at 60 percent of the area medium income or below. The remaining \$8 million will fund loans for households at 35 percent of the area medium income or below. Simple interest will accrue on these loans at 2.1 percent per year. Acquisition loans will not exceed \$5 million and predevelopment loans will not exceed \$750,000, though developers may apply for an aggregate loan of up to \$5 million for both acquisition and predevelopment financing.

The maximum loan term offered will be three years, and plans are to leverage the \$20 million in revolving fund loan funds to create an overall fund of \$60 million. Though all cities within Los Angeles County will be eligible to apply for the funds, cities with an already established revolving loan fund will be directed to apply for those funds first. If they are unsuccessful, however, they will then be eligible to apply for monies from the county's revolving loan fund.

Though the L.A. County Housing Innovation Fund will supply both the Community Development Commission and the Board of Supervisors with quarterly and annual reports on revolving fund loan activity, a comprehensive report will be presented formally to the supervisors in December 2009.

Developers interested in securing monies from the revolving loan fund should contact Brian Prater of the Low Income Investment Fund at (415) 489-6157, Ruth Teague of the Corporation for Supportive Housing at (213) 623-4342, or Stephen Peelor of Century Housing Corporation at (310) 642-2034.

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